

Reducing Customer Acquisition Soft Costs through Randomized Controlled Experiments

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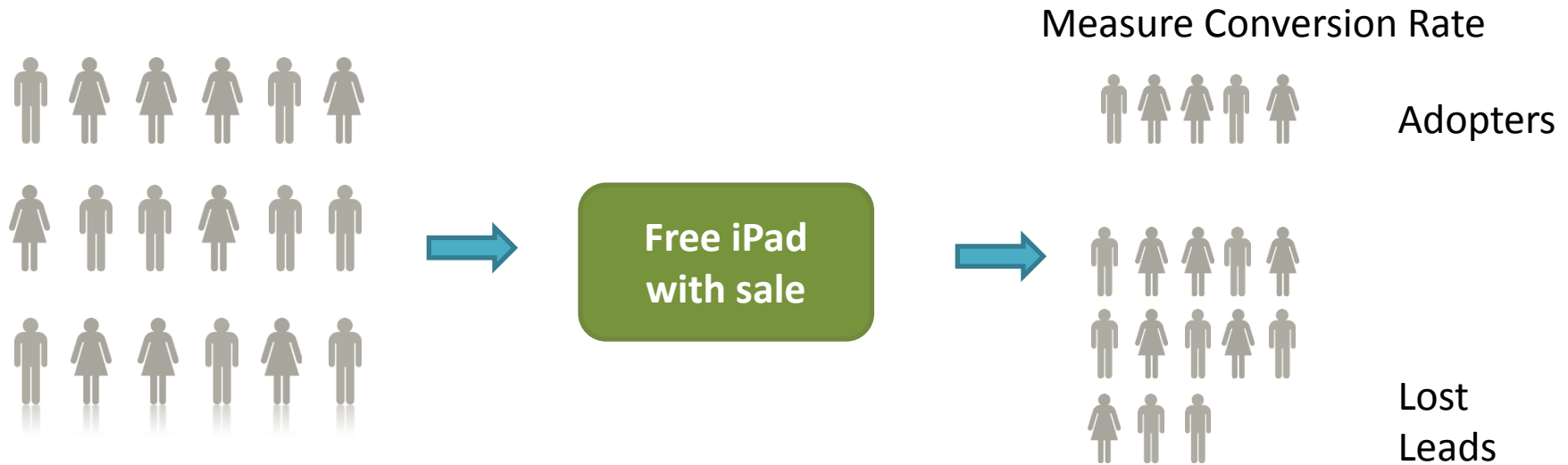


Soft Costs of Customer Acquisition: Many Opportunities for improvement

- **Marketing and advertising**
 - Messaging
 - Advertising channel:
Direct mail, phone calls, TV/Radio ads, web
- **Incentives**
 - Cash back
 - Free gifts
- **Referral programs**
 - Messaging
 - Reward structure
 - Program structure (how/when customers are approached)

Which strategies have the biggest bang for the buck?

Common approach: Post-hoc evaluation

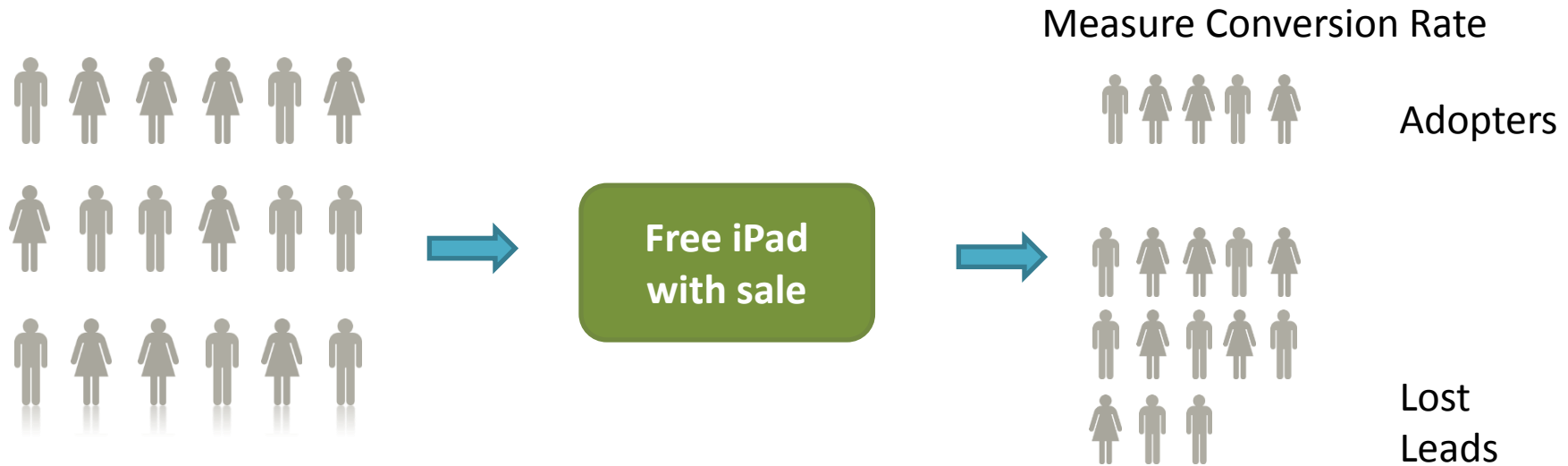


Let's say conversion rate is higher than in the past.

Did iPad promotion boost sales?

Not necessarily.

Common approach: Post-hoc evaluation



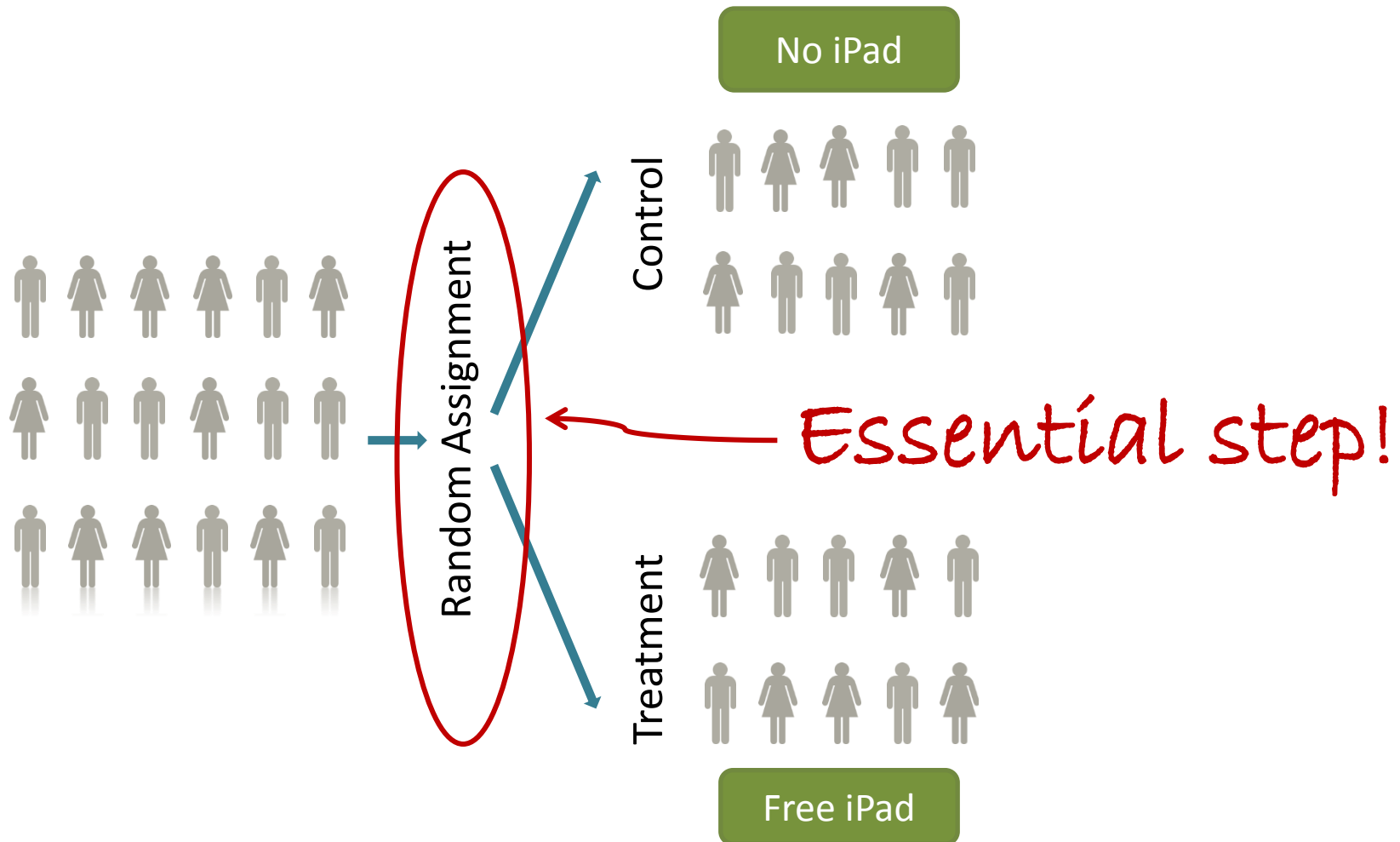
Problems with this approach:

- We don't know the counterfactual.
- People may have adopted anyway.
- Demand for PV may have naturally increased.
- We can't account for outside influences (new gov't incentives, media coverage of PV, etc.)

Risk: May invest in costly acquisition strategies that are actually ineffective.

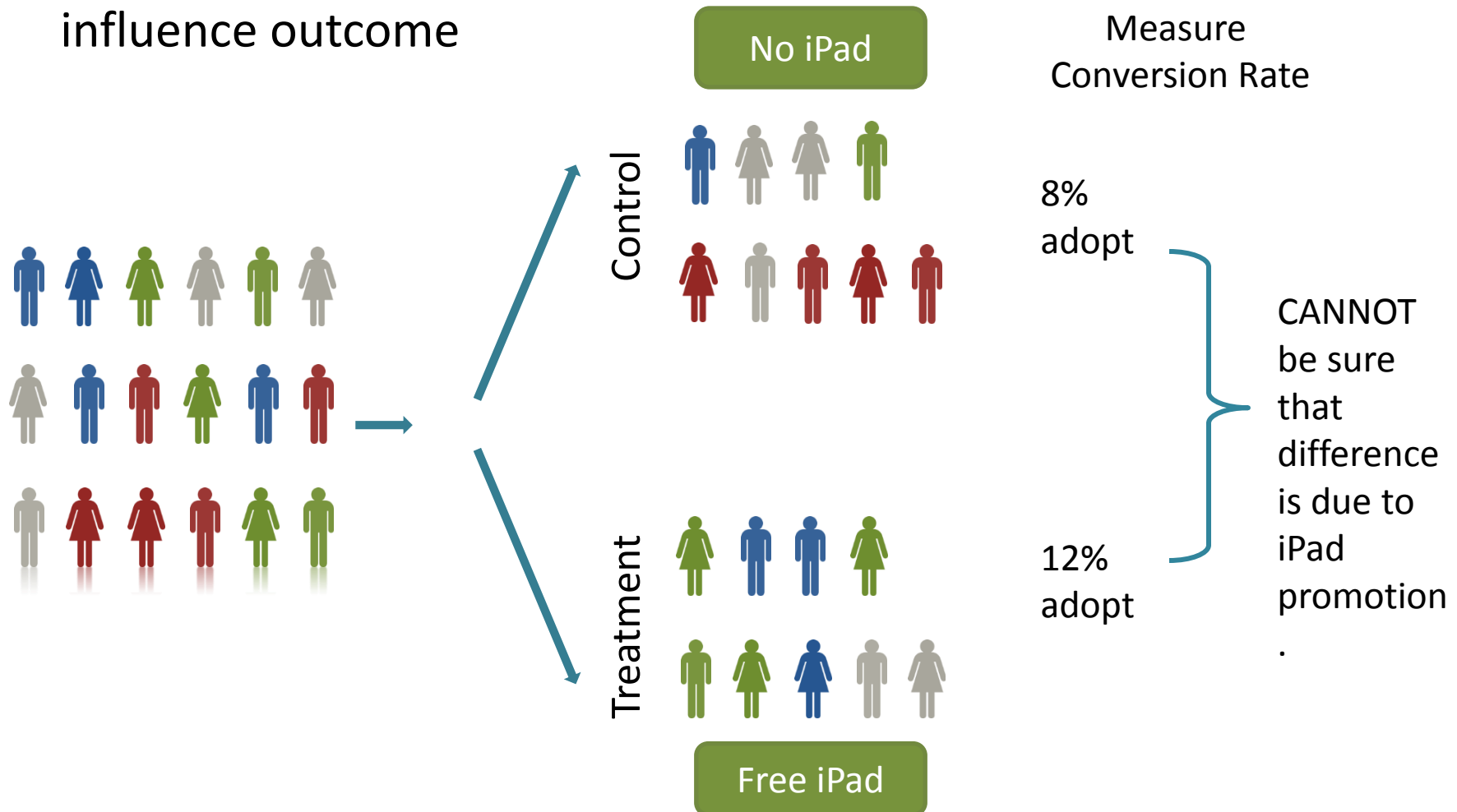
Better approach: Randomized Controlled Trial

- Have a comparison (control) group
- Randomly assign people to conditions (treatment or control)



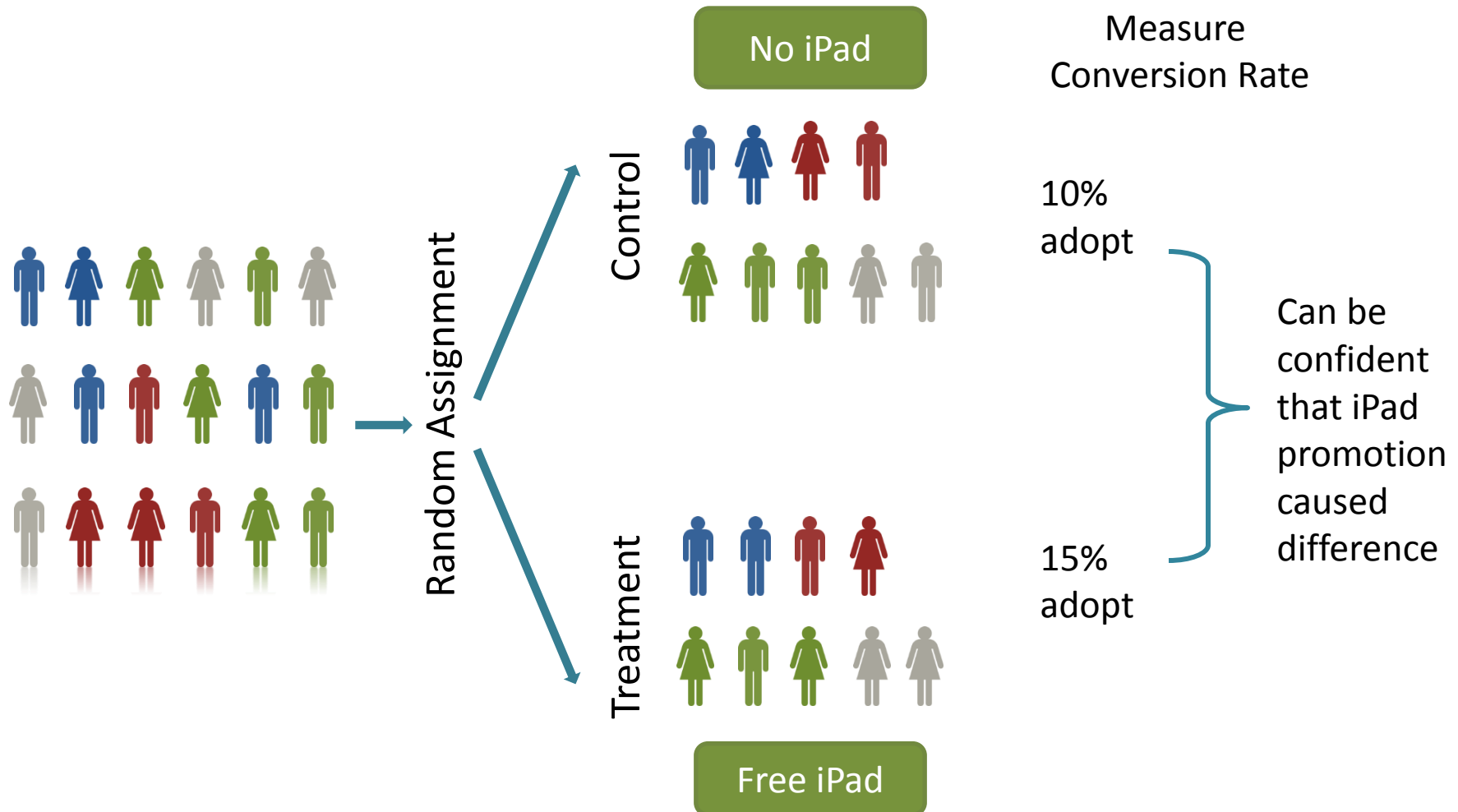
Better approach: ~~Randomized~~ Controlled Trial

- Have a comparison (control) group
- Without random assignment, individual differences can influence outcome



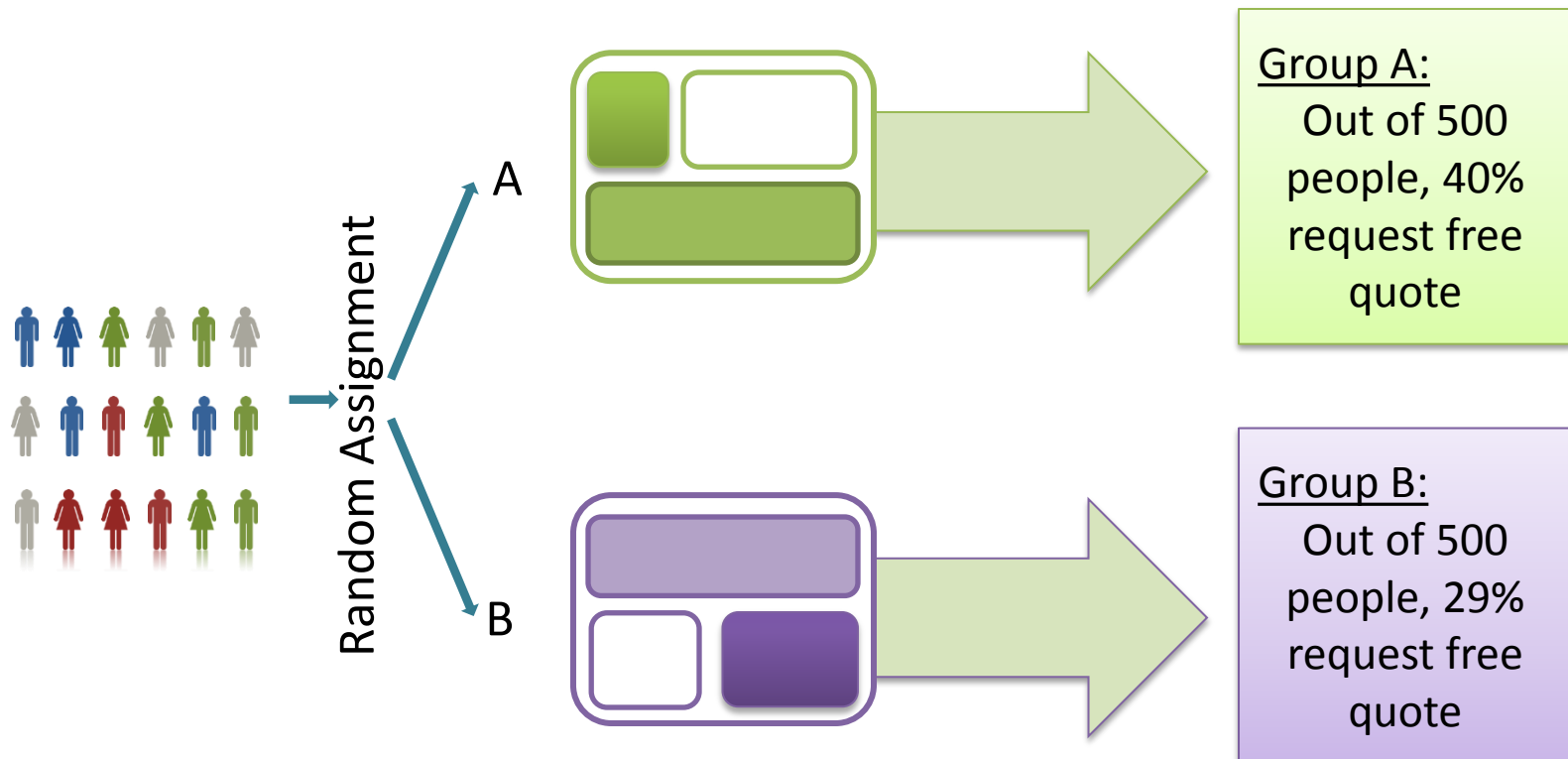
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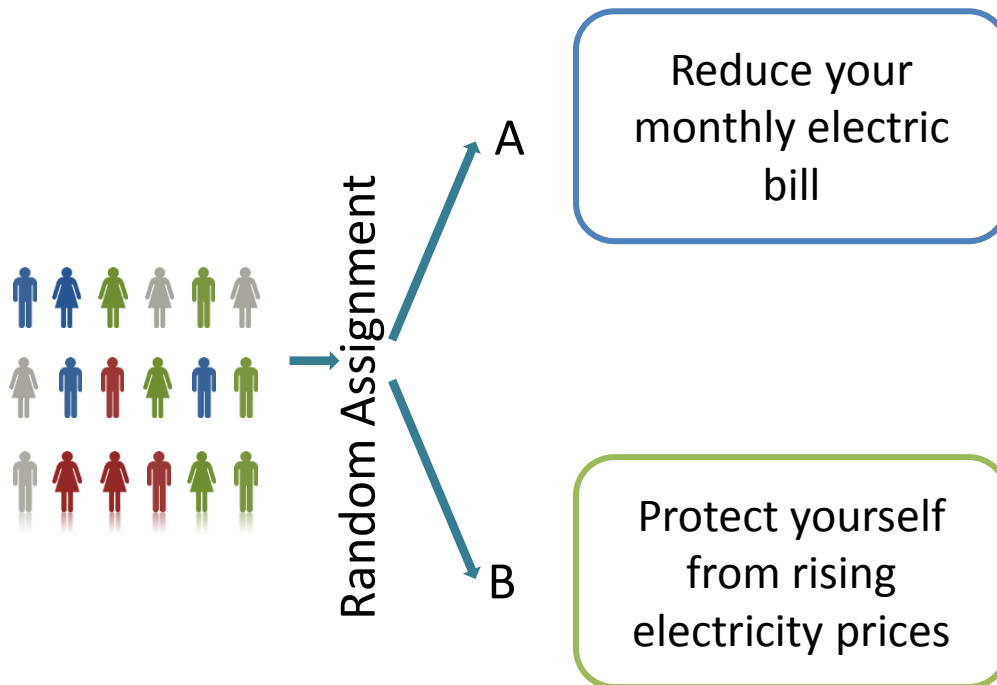
Using RCTs: What's the best **marketing** strategy?

- Website design (A/B split testing)



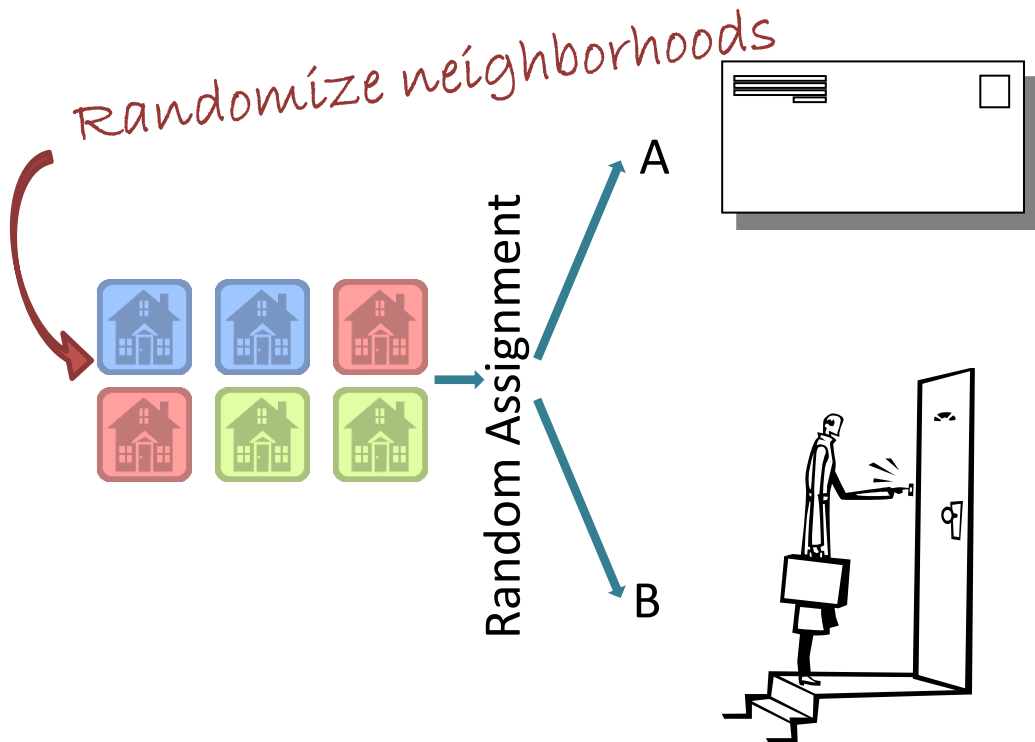
Using RCTs: What's the best **marketing** strategy?

- Website design (A/B split testing)
- Messaging wording or framing



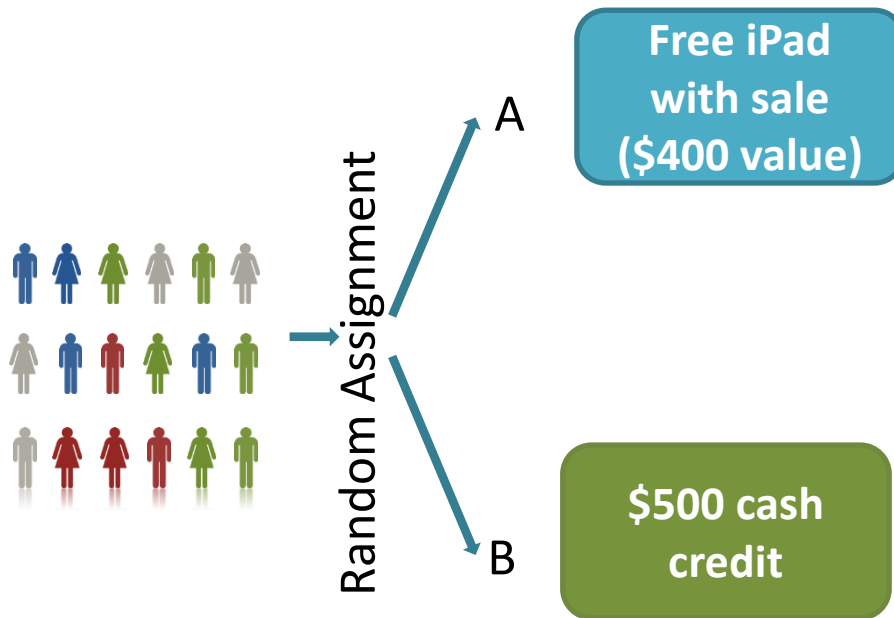
Using RCTs: What's the best **marketing** strategy?

- Website design (A/B split testing)
- Messaging wording or framing
- Outreach channels



Using RCTs: What are the best incentives?

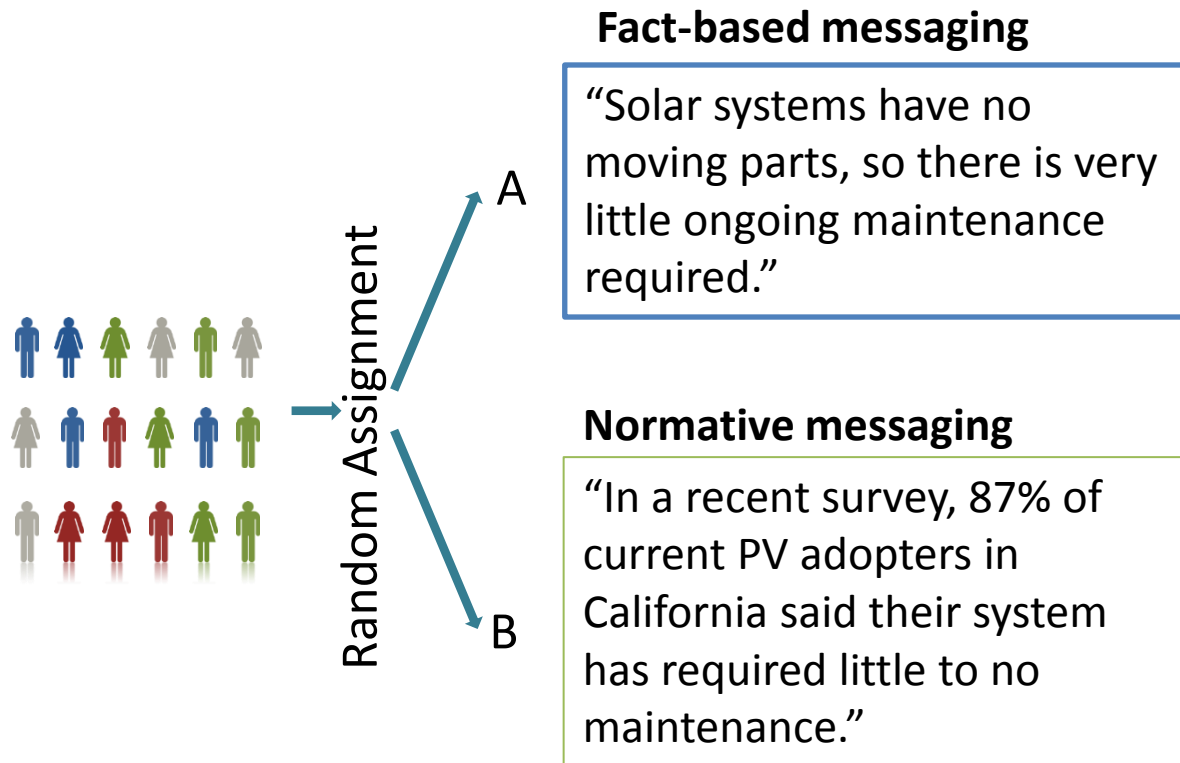
- Types/value of incentives



Using RCTs: How can we leverage social influence?

NREL SEEDS Study

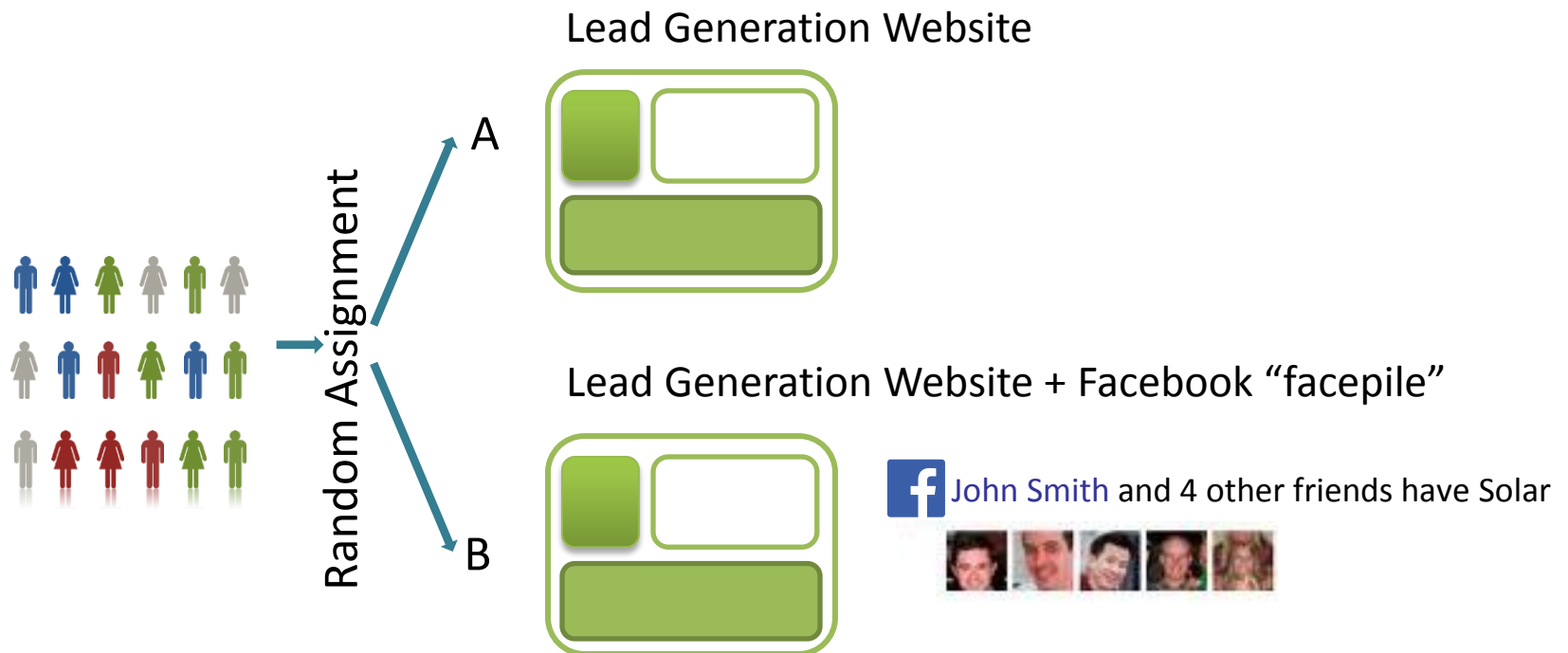
- Can we win back lost leads using social validation?



Using RCTs: How can we leverage social influence?

NREL SEEDS study

- Can we win back lost leads using social validation?
- Does social proof help generate and retain new leads?



To learn more...

- About participating in NREL SEEDS project

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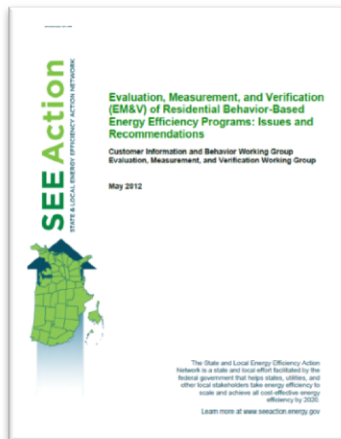
Visit project site:

www.nrel.gov/seeds

Project e-mail:

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- About Randomized Controlled Trials



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